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O/NE SECTION---ANNUAL REPORT

under the HISTORICAL REVIEW PROGRAM

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The CIA reorganization of 1950 allocated to the Office of National Estimates the principal responsibility previously discharged by its predecessor, the Office of Reports and Estimates. Since O/NE had to face essentially the same problems that had beset ORE, a brief review of ORE's four years of experience in attempting to produce intelligence might be appropriate in this report, ~~on O/NE~~.

# BACKGROUND OF ORE

Any analysis of ORE should take into account that (a) when the organization began, it was something new, under the American sun, without background or precedent to guide it; (b) although numerous directives were furnished from time to time which were supposed to furnish guidance for ORE, it was never provided with a clearly defined mission; (c) consequently, those responsible for the actual operation of the office were often forced to improvise and to proceed on the basis of trial and error; (d) the growth of the organization from something like  in about two years, was too fast to allow of careful selection of personnel--at best, a difficult process under the circumstances; (e) the level of competence in the Office was, therefore, not altogether uniform, and (f) although it is true that ORE published material that it should not have been concerned with, it did not do so by choice.

Before proceeding to a discussion of the principal problems of ORE as related to those of O/NE, it might be well to note what some of ORE's extraneous publications were and how they became attached to the Office. ORE published three current intelligence series. The first two, the Daily and Weekly Summaries, were put out at the very beginning because ORE did not have the staff or equipment to do anything more; they were continued chiefly because

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they seemed to be valued by their recipients. On at least two occasions ORE proposed abolishing the Weekly, but the proposals were turned down. The Monthly Review of current intelligence was not contemplated by ORE but was established at the request of the National Security Council. Two Map series and the National Intelligence Surveys were issued through ORE because the Map Division and the NIS Division happened to have been attached to it. The relatively massive country studies called Situation Reports were originally proposed by the Navy and accepted by the DCI. ORE fought bitterly against having to undertake them. The IM (Intelligence Memorandum) series was a catchall for various studies that had to be undertaken but did not merit more formal publication. The chief value of this series however, lay in the fact that it was usually not coordinated, a great advantage in that it made possible delivery of urgent intelligence before it was too late to be of any use.

The machinery of ORE was for so long geared to current intelligence that when the time came to write estimates it was difficult to make the transition. Furthermore, there was nothing on paper directing ORE to concentrate on this, or any other particular function. The initiation of estimates began in a rather hit-or-miss fashion, with the so-called "ORE Series" which should have been a vehicle solely for national estimates but became almost as much of a catch-all as the IM's. No one in ORE appeared to have the authority to determine what estimates should or should not be written or to insist that anything be written. For a long time, furthermore, there was no disposition on the part of the producing divisions (which were extremely busy doing what they considered more important work) to write estimates at all. The staff charged with estimates production, therefore, was in general inclined to be content with what it got. Largely for this reason, although

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ORE produced many excellent estimates, unquestionably of "national" stature, there was a good deal of relatively trivial and extraneous matter in the "ORE" series.

The principal reasons for the rather low quality of some of the material published by ORE arose from the method by which the publications were written. It was a settled conviction on the part of the Chiefs of geographical divisions in ORE, ---and this view usually prevailed<sup>ED</sup>---that none but a Division "expert" was qualified to make any statement whatever on the area of his concern. Even minor editing by non-experts was ~~something~~ frowned upon. Furthermore, it was an iron-clad rule in ORE that the actual writing of reports and estimates must be done exclusively by the "producing" divisions. It was inevitable that some of the Division analysts, however familiar they may have been with a particular foreign country, simply did not have the competence to perform the unusually difficult and exacting task of writing an intelligence estimate having to do with that or any other country. What such analysts wrote as "estimates" were usually of such poor quality that they could not possibly be published or even circulated for concurrence as written; nevertheless, when the editorial staff suggested changes, it was likely to be met with indignant resistance on the part of the Division concerned. It was extremely difficult, under such circumstances, to bring the final product up to the standard that should have been required for a national estimate.

#### ORE'S THEORY OF OPERATION

Considering the newness of the organization, the lack of authoritative guidance, and a penchant of premature reorganizations, it is not surprising that at least two years passed before anything like a coherent theory of operation had emerged in ORE. By this time, ORE was so constituted that it was capable of producing estimates without assistance from the other agencies because (a) theoretically<sup>1/</sup> it received all the intelligence available to

<sup>1/</sup> There was a belief in ORE, frequently borne out by evidence, that the other agencies, withheld particular intelligence from CIA when they chose to do so.

the US government; (b) it had enough employees to process this material, and (c) there were numerous experts in military as well as political and economic affairs to provide understanding in these fields. ORE nevertheless, always felt the need of Agency assistance and tried to make maximum use of it. As to the position of CIA (and therefore of ORE) with respect to the other Agencies, it was believed that CIA was neither ~~intended~~ <sup>intended</sup> to be nor ought to become merely a fifth intelligence agency, competing with the other four. Although the law directed CIA to coordinate estimates with the IAC, ORE held that no law required CIA always to bring out complete agreement on estimates. ORE naturally preferred to bring about agreement, and it always bent every effort to that end, but on controversial papers the time often came when ORE had either to say something it did not believe ~~or~~ accept a dissent, <sup>OR</sup> compromise in such a way that it said nothing at all. In such cases, ORE, however reluctantly, generally accepted a dissent.

#### Inter-Agency Problems

It was ORE's contention---hotly disputed by the Department of State in particular, that ~~the~~ the responsibility for estimates produced by CIA was CIA's alone. State held that the responsibility for CIA estimates was corporate. For that reason, State would not concur in an estimate until, almost literally, the department was completely satisfied with every word and every grammatical construction. ORE not only found the resultant process of coordination cumbersome and vexatious, but maintained that by official directive (DCI3/2) the ~~wording~~ <sup>WORDING</sup> of a paper should not concern any agency but CIA, the other Agencies being concerned <sup>OR DISSENT</sup> solely with concurrence ~~as~~ as applied to the main conclusions of the paper. The failure of the IAC Agencies to accept this view probably explains, in part, certain otherwise apparently inexplicable "dissents" published in the ORE and SR series, which appear to be trivial editorial comment.

Other "dissents" that appear to be irrelevant could probably be explained only on the basis of the intrusion of departmental policy into the intelligence function.

The tendency to allow policy to color intelligence (which was difficult to prove but was believed by ORE to be a fact) was dismaying to ORE and was taken as another example of the need for an independent agency which could take a completely unbiased stand. An example of ORE's concern over the matter can be seen in an excerpt from a

memorandum to the DCI written in 1948 by Mr. [ ] then of ORE: 25X1A

"During a number of interviews with the representatives of the Hoover and Dulles-Jackson committees, I made the following comments with reference to the necessity for an independent, top-level agency such as CIA to make intelligence appreciations and estimates for the policy makers of the Government.

a. I stated that it was virtually impossible under present circumstances to get a completely objective intelligence estimate from the Service departments, as they were unable to free themselves from the influences of departmental policy and budgetary interests.

b. As illustrative of this point, I told the committee representatives that in the preparation of ORE 22-48, the G-2 representative had stated that General Chamberlain wanted to have included in the estimate a recommendation for universal military training, which I emphatically refused to consider. I also told them that the Air Force was far more alarmist than the rest of the committee members and that everyone noted a marked change in their attitude after the 70 Group Air Force had been obtained....

"I have very strong convictions concerning the points made in the paragraph above, which are applicable to the State Department as well as to the military Services, and I would be prepared to restate these views under any circumstances."

Another difficulty in coordination encountered by ORE arose from the fact that the IAC representatives with whom it met to discuss and clear estimates did not always actually represent their agencies. Although they could present their own views and provisionally concur in a paper, they could not directly speak for their chiefs who frequently reversed their decisions and entered unexpected dissents. This was a source of frequent embarrassment to ORE, of a certain amount of confusion, and often of delays in the production of needed estimates.

In spite of the conflicts between them, ORE-IAC cooperation was by no means invariably bad. On the analyst level, it was likely to depend largely on personalities,

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and there was considerable variation in ~~the~~ cooperation or conflict as between different individuals and groups. ORE gradually moved from its original stand -- that in general, the writing of the paper was purely CIA's responsibility, the sole function of the agencies with respect to them being to comment on ORE's drafts -- to a realization that better results would be obtained if the Agencies participated in all steps of estimate preparation. For this reason, ORE kept all Agencies informed of the exact status of its projects (a service which was not reciprocated), gave notice whenever it initiated an estimate, requested agency participation in preparation of terms of reference, and frequently consulted with agency analysts while a draft was being written.

#### EFFECT OF THE DULLES-JACKSON REPORT

The Dulles-Jackson report strongly criticized ORE for various alleged shortcomings among them that ORE had not produced enough "national estimates", had spent far too much time on miscellaneous "services of common concern", and had produced too many publications of relatively low quality. To remedy this situation, the Report recommended a reorganization, the key to which would be a very small "Estimates Group" in ORE whose sole function would be the production of "national estimates". After the publication of NSC-50 ORE began to work on a reorganization plan which would satisfy the recommendations made in the report. When announced, several months later, however, the new plan seemed to fall short of doing so. Its principal feature was an "Estimates Production Board" composed of the Assistant Director and the several chiefs of staffs and divisions which was supposed (though it never actually did so) to pass on all estimates before they left ORE. Rather than establish a single "Estimates Group", as RECOMMENDED in the

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Report the reorganization plan established several, in general one to each "producing" division.

Essentially, the effect on ORE of the reorganization was nil. The Division "estimates groups" were little more than the editorial staffs that had already existed for some time in most divisions. The Estimates Production Board was so constituted that it could not really perform a competent review function. The regional divisions still retained their virtual veto power over estimates relating to their field, and the estimates still originated in these divisions.

#### THE "SPECIAL STAFF"

Under the strain created by the Korean war, the "new" organization broke down. Important estimates were urgently needed, but, largely as a result of the Divisional veto, satisfactory estimates could not be produced on time. Appreciating that this situation, at least for the duration of the emergency, was impossible, the Assistant Director attempted to remedy it by the creation of what was called a "Special Staff". The Special Staff, which was the nearest approach ever made in ORE to the organization recommended in the Dulles-Jackson Report, was composed of the Assistant Director and

25X1 ☐ (?) members chosen partly for assumed competence in estimate writing and partly on the basis of area considerations. Theoretically, the Staff could speak with the authority of the Assistant Director, could produce estimates on its own initiative, and complete them without reference to the regional branches. Actually -- although a few estimates were produced by the Special Staff, and some of these published -- regional representatives were almost always consulted, and generally had the final word.

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